

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 EA-07 IO-11 ISO-00 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

FEA-01 AF-06 ARA-06 NEA-10 /133 W
----- 043017

P R 270428Z JAN 76

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC PRIORITY 7344

AMEMBASSY WELLINGTON

USMISSION EC BRUSSELS

USMISSION GENEVA

USDEL MTN GENEVA UNN

C O N F I D E N T I A L CANBERRA 598

E.O. 11652: GDS

TAGS: ETRD, GATT, AS, UF

SUBJECT: GATT WAIVER FOR U.S. SECTION 22 IMPORT QUOTAS

REFS: STATE 13881, CANBERRA 507

1. SUMMARY: AUSTRALIANS MADE FOLLOWING POINTS IN LIVELY
RESPONSE TO OUR DEMARCHE PER STATE 13881: (A) GOA NOT
SEEKING ABOLITION SECTION 22 IMPORT QUOTAS BUT SOME
MODIFICATION IN LIGHT OF CHANGING TRADING PATTERNS, PARTICULARLY
IN LAST YEAR; (B) GOA IS CONCERNED AT IMPLICATION OUR DEMARCHE
THAT AUSTRALIANS WILL BE REQUIRED TO "PAY" IN MTN FRAME-
WORK FOR WHAT THEY REGARD AS THEIR GATT RIGHTS; AND (C) THEY
PREPARED TO CONSIDER US REQUEST TO DESIST BUT, IN VIEW OF
FACT THAT REVIEW REQUEST ALREADY INITIATED, WOULD LIKE
FURTHER SPECIFICS AS TO HOW THIS COULD BE EFFECTED WITHIN
GATT PROCEDURES. EMBOFFS STRESSED THAT US AWARE ITS OBLI-
GATIONS UNDER GATT BUT CONCERNED AT DANGER REVIEW REQUEST
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POSES TO OUR MUTUAL MTN EFFORTS. ACTION REQUESTED: WOULD

APPRECIATE GUIDANCE AS TO APPROPRIATE RESPONSE TO AUSTRALIAN REQUEST FOR SPECIFICS REGARDING MUTUALLY ACCEPTABLE PROCEDURE BY WHICH REQUEST FOR REVIEW CAN BE WITHDRAWN. END SUMMARY.

2. EMBOFFS MET WITH ASSISTANT SECRETARY, INTERNATIONAL TRADE ORGANIZATIONS DIVISION, B.F. MEERE (SUBSTITUTING FOR FIRST ASSISTANT SECRETARY FOGARTY WHO TAKEN ILL PRIOR TO MEETING), AND UNEXPECTEDLY LARGE GROUP OF OVERSEAS TRADE AND PRIMARY INDUSTRY OFFICIALS. EMBOFFS SUMMARIZED POINTS MADE PARAS 1A THROUGH E, STATE 13881, STRESSING US CONCERN AT EFFECT AUSTRALIAN REQUEST FOR REVIEW COULD HAVE ON MUTUAL USG, GOA AND GNZ EFFORTS IN MTN TO LIBERALIZE DAIRY TRADE.

3. MEERE RESPONDED THAT THERE SEEMED TO BE MISUNDERSTANDING AS TO AUSTRALIAN INTENT, WHICH WAS NOT TO SEEK IMMEDIATE, OR INDEED ANY, ABOLITION OF SECTION 22 IMPORT QUOTAS. AFTER SOME PROBING BY EMBOFFS AS TO PRECISELY WHAT GOA IN FACT HAD IN MIND, MEERE AND HIS COLLEAGUES STATED THAT WHAT WAS SOUGHT WAS AT MOST SOME MODIFICATION OF QUOTAS AND, PERHAPS MORE IMPORTANTLY, FORTHRIGHT ACKNOWLEDGEMENT BY US OF ITS OBLIGATION TO CONDUCT MEANINGFUL REVIEW OF DAIRY TRADE SITUATION UNDER GATT PROCEDURES.

4. DRAWING ON PARAGRAPH 1A, STATE 13881, EMBOFFS POINTED OUT THAT US IN FACT DID ACKNOWLEDGE ITS OBLIGATION AS INDICATED IN INSTRUCTIONS ON WHICH PRESENT DEMARCHE BASED. AUSTRALIAN REJOINDER WAS THAT SUCH ACKNOWLEDGEMENT SHOULD BE IN GATT FRAMEWORK. MEERE STRESSED THAT AUSTRALIANS HAD TAKEN SPECIAL PAINS TO PUT US DELEGATION TO CONTRACTING PARTIES SESSION ON NOTICE THAT REQUEST FOR REVIEW WOULD AGAIN BE MADE IN HOPES THIS WOULD FACILITATE FULL RESPONSE. AUSTRALIANS FELT, HOWEVER, THAT THEY HAD AGAIN "BEEN GIVEN BRUSHOFF".

5. MEERE EXPRESSED PARTICULAR CONCERN AT WHAT HE DESCRIBED AS "FRIGHTENING" IMPLICATION OF OUR DEMARCHE
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THAT, IN INSISTING DAIRY QUOTAS BE CONSIDERED IN MTN FRAMEWORK, WE WERE SUGGESTING AUSTRALIANS WHOUL BE PREPARED TO MAKE CONCESSIONS FOR RESTORATION OF WHAT THEY REGARDED AS THEIR GATT RIGHTS. MEERE EMPHASIZED THAT, ALTHOUGH THEY NOT REJECTING WORKING IN MTN, THEY NOT PREPARED TO "PAY" FOR CONCESSIONS OBTAINED. MOREOVER, GOA HAD TO THINK AHEAD TO POSSIBILITY ITS OBJECTIVES WOULD NOT BE ACHEIVED IN MTN.

6. MEERE NEVERTHELESS REQUESTED EMBOFFS TO ASSURE WASHINGTON THAT, EVEN THOUGH PRESENT APPROACH SEEMED "A LITTLE HEAVY-HANDED" IN RELATION TO WHAT AUSTRALIANS HAD IN MIND IN REQUESTING REVIEW, THEY TOOK OUR REQUEST SERIOUSLY. ALTHOUGH HE WAS NOT UNDERTAKING TO COMPLY AT THIS POINT, HE ASKED FOR SPECIFICS AS TO GATT PROCEDURE GOA COULD FOLLOW IN DOING SO. HE EXPRESSED VIEW THAT GOA MINIMUM REQUIREMENT WOULD BE SOME KIND OF US RESPONSE IN GATT WHICH HE SAID AUSTRALIANS HAVE BEEN SEEKING UNSUCCESSFULLY FOR MANY YEARS.

7. COMMENT: PER STATE 13881 DEMARCHE WAS KEPT LOW-KEY, FRIENDLY, AND AS FIRM AS POSSIBLE IN THOSE TERMS. AUSTRALIAN RESPONSE WAS EQUALLY FIRM, HOWEVER, TO EFFECT THEY DO NOT EXPECT TO "PAY" FOR ANY MODIFICATIONS TO SECTION 22 QUOTAS AND THAT THEY ARE ANXIOUS TO KEEP OUR FEET TO THE FIRE ON THE ISSUE.

8. EMBASSY, WITHIN ADMITTED LIMITATIONS ITS GATT EXPERTISE, BELIEVES IT WOULD BE HELPFUL IF EFFORT TO RESPOND IN SUBSTANTIVE TERMS TO AUSTRALIAN REQUEST COULD BE MADE. IN ADDITION, ON FURTHER REFLECTION FOLLOWING DISCUSSIONS WE ARE CONCERNED AT POSSIBLE RAMIFICATIONS OF BASING US CASE ON DOMESTIC POLITICAL ARGUMENT, AS IMPORTANT AS THAT CONSIDERATION UNQUESTIONABLY IS. WITH INSTALLATION LIBERAL "NATIONAL COUNTRY PARTY GOVERNMENT (IN WHICH RURAL INTERESTS STRONGLY REPRESENTED), WHICH IS PLEDGED TO INCREASED PROTECTION FOR AUSTRALIAN INDUSTRY, WE SEE FUTURE DANGER OF INCREASING GOA RESORT TO SIMILAR RATIONALE IN

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JUSTIFYING ITW OWN TEMPORARY RESTRAINT MEASURES. WE CAN SURELY EXPECT TO HAVE PRESENT CASE TOSSED BACK AT US.
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Message Attributes

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Margaret P. Grafeld
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